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ABSTRACT

This is the third in a set of 36 teacher guides to the Entrepreneurial Training Modules and accompanies CE 031 034. The purpose of the module is to give students some idea of what it is like to own and operate a tree service. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Tree Service; Choosing a Location, Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study, responses to individual activities, responses to discussion questions, and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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GETTING DOWN TO BUSINESS:

Tree Service

Module 3

Teacher Guide

U.S. DEPARTMENT OF EDUCATION
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GETTING DOWN TO BUSINESS:

Tree Service

Norma Shapiro

May 1981

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under support from the
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OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a tree service. Students will have an opportunity to learn about the kinds of activities and decisions a tree service owner is involved in every day. While the module is not a complete "how-to" manual, the individual activities will provide your class with the chance to practice many of these activities and decisions.

Today, owners of small businesses face many problems--some minor, some not so easily taken care of. These problems are reflections of the changes our society is going through. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give students an opportunity to explore possible solutions.

You might want to present this module after completing Module 1, Getting Down to Business: What's It All About? Module 1 is a 16-hour

program covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit the tree service business specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a list of what the student should be able to do at the end of that unit.

2. Case Study--an account of a business owner in the field.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class periods	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the

students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (10-15 minutes)

I. In introducing this module, you will probably want to find out what students already know about the tree service business.

- Ask what tree services they know about.
- Ask if they know about any small, independent tree services.
- Ask them what they think the advantages of owning their own tree service might be.
- Ask them what disadvantages they see.

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities tree service business owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Tree Service (1 class period)

I. Case Study: Wendell and Jody Bart, brother and sister, talk about opening Bart's Tree Service. Jody discusses how owning your own business is different from being a climber.

Text: What Does a Tree Service Do?
Who Will Be Your Customers?
Is There Room for You?
Skills
Experience
Personal Qualities
How to Compete Well--Or, Service Is the Name of the Game
Getting People to Come Back to You
Legal Requirements

II. Responses to Individual Activities

1. a, c, d

2. Climb trees; know about the care, feeding, and pruning of trees; be able to handle special equipment; be able to run your own business, etc.

3. A worker is not concerned with how to keep the business successful and usually does not have to make any administrative decisions. An owner has more aspects that he or she is responsible for--such as hiring, advertising, and selection and repair of equipment.

4. You could work for a tree service or perhaps get a job with a local government doing agricultural work.

5. Encourage students to be honest and thoughtful. Answers will vary. Possible responses include--helpful: a, c, d, f, h, i, j, k, l, m, n, p, s, t, y, z; would not matter: e, g, o, r, x; not helpful: b, q, u, v, w.

III. Responses to Discussion Questions

1. Answers will vary. For clients who have this attitude, Jody could ask them to withhold their judgment until they can see the results. She could also refuse to work for people who do not have respect for her knowledge.

2. The advantages of going to college are that there is more theoretical knowledge to be had. The disadvantage is that one does not earn money while studying. Encourage other responses.

3. An owner of a tree service must have business skills. He or she must know about advertising and getting clients, about hiring employees, and about recordkeeping.

IV. Group Activity

Encourage students to write down questions they would like to have answered. Try to cover topics in all nine units of this module. This activity may take some time to plan. You may conduct it during any portion of the program, at your convenience.

Unit 2 - Choosing a Location (1 class period)

I. Case Study: Jody talks about choosing a good city. She discusses the importance of knowing a lot of people to ensure success.

Text: You Come First
Putting Down Roots--Why Tumbleweeds Don't Make It
How Can You Tell If the City Is a Good One?
What About an Office?

II. Responses to Individual Activities

1. Look in the Yellow Pages to see how many tree care and nursery businesses there are; talk to landscape architects; go to the Chamber of Commerce.

2. You will want to see if there are a large number of people who might need and use a tree service.

3. Old volumes of the Yellow Pages will tell you how many businesses are no longer around. If a lot of them have failed, you would want to find out why.

III. Responses to Discussion Questions

1. This activity may take as long as one class period. Encourage students to do some research outside of class. You may have to provide some background information to students regarding the population and growth patterns of local towns (see an almanac or census book). The amount of new construction underway in a town is an indication of growth.

2. Encourage students to defend their answers.

IV. Group Activity

Student answers will vary according to their own individual beliefs. Tell students there is no one correct answer.

Unit 3 - Getting Money to Start (1 class period)

I. Case Study: Jody talks about getting the money needed to start. She tells of the conflicting advice they got when they were trying to plan how much money they'd need.

Text: What Does It Take?
The Business Description That Got Wendell and Jody Their Money
Just How Much Money Do You Need?

II. Responses to Individual Activities

1. Encourage students to think about their own tree service. Give them time to come up with an interesting name. Allow students time to share their business descriptions.

2.

STATEMENT OF FINANCIAL NEED			
Starting Expenses		Money on Hand	
Salaries	$30,000	Cash on Hand	$15,000
Equipment and Furniture	20,000	Personal Loans	10,000
Supplies	175	TOTAL MONEY ON HAND	$25,000
Advertising	1,500		
Other (insurance, legal	11,000		
fees, fudge factor,		TOTAL STARTING EXPENSES	$62,675
etc.)		TOTAL MONEY ON HAND	25,000
TOTAL	$62,675	TOTAL LOAN MONEY NEEDED	$37,675

III. Responses to Discussion Questions

1. The bank knew that they would have the advice of an experienced person and therefore would be less likely to fail.

2. The fudge factor is important, since no one can predict the future. Students will probably realize that $4,000 is not very much at all for emergencies.

IV. Group Activity

Answers will vary. Being prepared is important. Dressing comfortably will help. Thinking about one's options ahead of time if the loan does not come through also helps. "Loan applicants" should evaluate themselves on their poise, knowledge about their business, and logical presentation of their plan. "Loan officers" should analyze whether they asked all the appropriate questions,

did a good critical analysis of the information, and acted in a professional but friendly manner.

Unit 4 - Being in Charge (1 class period)

I. Case Study: Jody talks about the difficulties of hiring people. She discusses the importance of hiring people who are safety conscious.

Text: Hiring People to Work for You
The Job Description
Eeny-Meeny-Miny-WHO?
Training New People
Bosses Make Decisions

II. Responses to Individual Activities

1. Advertising, bookkeeping, training people, buying equipment, etc.

2. Private employment agencies, want ads in newspapers, bulletin boards, high school employment offices.

3. A climber must be safety conscious and responsible because climbing is a very dangerous job.

4. Answers will vary. This activity may take 15 to 20 minutes.

5. Students will have different opinions as to who might be the best. Possible discussion topics include: attitude, age, sex, background.

III. Responses to Discussion Questions

1. Answers will vary. Tree care experts all agree, however, that you can't use a climber who is drunk. The Helman job will have to be postponed, but the reason does not have to be given. Students will have different answers as to what to do with Andy--from doing nothing to firing him. Have students defend their answers.

2. Encourage students to come up with different possibilities. In some way Johnny's extra effort should be rewarded and Marty's behavior discussed.

3. Answers will vary. Discuss the problem of sexual stereotyping.

IV. Group Activity

Here are some "Do's" and "Don'ts".

Do	Don't
Give the employee a warning--be specific about what you don't like	Discuss the situation with other employees
Tell the person in private	Let the employee talk you out of firing him or her
Tell the person the reason(s) for being fired	Let the employee train his or her replacement
Be nice but firm	
Give some termination pay	

Unit 5 - Organizing the Work (1 class period)

I. Case Study: Wendell talks about what it is like to be the boss. He tells of potential problems that the boss has to take care of.

Text: When the Client Calls
Getting the Estimate Straight
The Work Order Form
Who's Going to Do It?
Some Jobs Are Easy, and Then . . .

II. Responses to Individual Activities

1. The equipment can malfunction; nearby shrubbery can be damaged; one can forget to include some item or cost; the job could be more difficult than expected; etc.

2. Answers will vary. Some possibilities are: bids can be double checked by another person; an owner can know of "substitute" workers; one can rent equipment.

3. The bid should be signed so that the client and owner agree on the work plan and the price.

4. Non-billable hours are hours that are worked but that cannot be billed to clients. Wendell has to keep track of these hours so he knows how much time it takes to run the business.

5.

WORK ORDER

FROM: Bart's Tree Service WORK FOR: Al Smart

Person Doing Work	Description of Work	Materials	Labor	Total Cost
Wendell, David	Trim, shape, and balance 10 trees Pressure feed Install 13 cables			
	(20 hours x 2 people x $23/hour)		$920	
	10 tanks, $100 each	$1,000		
	13 cables, $60 each	780		
		TOTAL MATERIALS		$1,780
		TOTAL LABOR		920
		TAX		--
		TOTAL COST		$2,700

6. b, d

III. Responses to Discussion Questions

1. Encourage students to express their opinions. Most service businesses agree that the customer is always right.

2. Many answers are possible. Encourage students to think of compromises.

IV. Group Activity

Answers will vary. If all this happened in one day, calling the Yellow Pages ad consultant, meeting with the tax consultant, and reading the morning mail could be put off. The most important tasks are #3, 4, and 1—in that order.

Unit 6 - Setting Prices (1 class period)

I. Case Study: Jody talks about setting prices. She describes the difference between charging for time and materials and making a straight bid.

Text: The Break-Even Point
What Are People Willing to Pay?

II. Responses to Individual Activities

1. The break-even point refers to the amount of money a business needs to take in just to cover its expenses (without profit).

2. Profit is the money a business has left over after it covers all of its expenses for a given time period.

3. Theft, depreciation of equipment, and employee benefits are all expenses that are not "bills."

4. You can't count on 21 full working days a month because you will take time to do other things that you will not get paid for--for example, run the business, take care of your equipment, make bids, etc.

III. Responses to Discussion Questions

1. Allow for a variety of responses. Taking an $8 cut per hour is quite a considerable reduction. You might be willing to charge a little less and make a little less profit, but you should not cut prices so much that you are working at a loss.

2. This activity might take a lot of time. Arguments students might use are difficulty in giving a straight bid, excellent experience, skill, and record of customer satisfaction.

3. Inflation, wanting to buy more equipment or otherwise expand the business, shortage of good climbers, etc.

IV. Group Activity

Your break-even point is $1,550 per month. Your goal would be $3,550. If you want to make that amount in 10 days, you would charge $355 for your crew for one day. For a crew of three working for eight hours, the hourly rate per person would be $15, rounded off ($355 divided by 24).

Unit 7 - Advertising and Selling (1 class period)

I. Case Study: Wendell states that most people hear about a tree service by word of mouth. He also talks about having an ad in the Yellow Pages and sending out fliers.

Text: What Kind of Advertising? Where?
The Yellow Pages
The Writing on the Wall
The Writing on the Wheels
Word-of-Mouth Advertising
The Power of the Printed Word--Newspaper Ads

II. Responses to Individual Activities

1. Who you are; where you are located; how to reach you; what services you provide; and why people should choose you.

2. Ads should contain the information listed in Individual Activity #1 and should have five main parts--heading, illustration, copy (text), identification (business' name, address, and phone number), and layout. Ads should be simple, attractive, informative, and "catchy." The illustration should project an image that will appeal to the targeted customers. The most important information should be most prominent in the ad. Ads should also have a certain amount of "white space." Overly cluttered layouts are unappealing and confusing to readers. In summary, ads should be creative and organized.

3. Students will need time outside class to complete this.

4. Yellow Pages ad, fliers, bulletin boards, a sign on their truck, etc. With a small amount of money, the Yellow Pages ad would probably be the most important, a sign on the truck next.

III. Responses to Discussion Questions

1. There should be a variety of ideas. Answers will range from apologizing to the client to offering to reimburse him for damages.

2. Have students defend their answers as specifically as possible.

IV. Group Activity

A tree service can also be seen as a surgeon or a healer. You may want to ask students to bring in their telephone books (the Yellow Pages) for this one.

Unit 8 - Keeping Financial Records (1 class period)

I. Case Study: Jody talks about the importance of keeping good records. She also discusses credit accounts.

Text: How to Bill
Easy Come, Easy Go--the Daily Cash Sheet

II. Responses to Individual Activities

1. Jody would prefer not to have credit customers because of the added paperwork. Also, Bart's would have to wait for payment and, in the meantime, would not have as much cash to meet expenses.

2. In a straight bid, the amount of money charged has already been agreed upon; therefore, there is no need to itemize. In a "time and materials" bid, the customer is paying for each hour on the job and all the materials. You would have to present the customer with a detailed explanation of labor and materials.

3.

CUSTOMER BILLING FORM

Customer: Amy Jackins

Date	Description of Sale	Amount Charged	Payment Received	Balance Due
5/13	Prune Willows, clear brush and debris	$240		
	Dump run	$ 5		$245
5/16	Payment--Check #499	---	$245	-0-

4.

DAILY CASH SHEET

Cash Receipts		Cash Payments	
Cash Sales	$1,054	Salaries	$
Credit Accounts		Building Expenses	
		Equipment & Furniture	
		Inventory or Supplies	48
		Advertising	
		Other	125
TOTAL CASH RECEIPTS	$1,054	TOTAL CASH PAYMENTS	$ 173

III. Responses to Discussion Questions

1. The advantage of having credit accounts is that you can provide service to large businesses that usually deal that way. The disadvantage is that some cash flow through the business is delayed.

2. Using a bookkeeping service usually means that your books are always in order and that you are free to do other things. The disadvantage is that a bookkeeping service is another expense. You also have to be organized before you can use a bookkeeping service. Other reasonable answers are acceptable.

IV. Group Activity

People who are refused credit many times become discouraged. They may run out of alternatives. Ask students to describe times when they were treated poorly in comparison with others.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Case Study: Jody talks about the realities of making a profit and the problems of raising prices.

Text: The Profit/Loss Statement
What Is Net Profit?
Figuring Your Profit Ratio
How to Increase Your Profits

II. Responses to Individual Activities

1. The net profit for the first year is $25,000. The profit ratio is 50%, and the expense ratio is 50%. The net profit for the second year is $30,000. The profit ratio is still 50%, and the expense ratio is also 50%.

2. Since the profit ratio remained the same--50%--and the profits went up in Year 2, Year 2 was more successful.

3. Raise your prices, lower expenses, expand services, increase the number or kind of clients.

III. Responses to Discussion Questions

1. Usually owners who do not want to "go big" do not want the increased paperwork and the responsibility of supervising more workers.

2. Encourage students to express their own opinions. Not having support at home usually has an effect on the owner's success in his or her business.

3. If appearance matters to your clients, you should think about it. What image are you projecting through your dress? Obviously, Jody and Wendell are losing some business. They may want to dress up a bit. If they have enough business already, they may feel that it is not worth it to require "proper" clothes for their workers.

IV. Group Activity

The idea behind this activity is to see if students would like to be an owner of a tree service. Encourage students to express their own ideas, and reiterate the fact that there are no incorrect answers.

Summary (30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

Emphasize major points of the module such as:

- Running a tree service is a small business opportunity for a person interested in horticulture and tree care, but it must be planned and located carefully for it to be successful.

- Previous tree care and business experience and knowledge about the care, feeding, and pruning of trees are helpful qualities for a tree service owner to have.

- Hiring and keeping top quality climbing staff is a key part of running the business well.

- Keeping the customers--commercial property managers, private individuals, etc.--satisfied with your service is also vitally important.

- The needs of your customers and staff may change over time. Knowing how to analyze the business and to make necessary changes are important ways to keep the business successful.

Remind students that their study of this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

If possible, use a final wrap-up activity to help students apply what they have learned in the module. Possible ideas include the following.

- Have students discuss or write about how they see themselves owning a tree service now that they know more about it. If time runs short, students could do this on their own time as a means of self-assessment.

- Use one or more of the Group Activities that were not done earlier. (The first one, in Unit 1, "Visit to Class By the Owner of a Tree Service," might be particularly appropriate.) Feel free to combine, expand, and adapt the activities so that students can consider a more complete picture of running a tree service.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. Possible responses include: feeding trees, trimming, pruning, removing, mending, and pesticide spraying.

2. Possible responses include: skill in tree climbing; knowledge about tree care; ability to use tree care equipment (chain saws, etc.); skills in small business management.

3. a

4. b

5. c

6. b

7. b

8. a

9. a

10. a

11. b

12. Possible responses include: operating expenses (or break-even point), desired profit, competitors' prices (or what customers are willing to pay).

13. Possible responses include: persons doing work, description of work, cost of materials, labor costs, total cost.

14. b

15. c

16. b

17. b

18. Net profit = $30,000; profit ratio = 20%; expense ratio = 80%

19. Possible responses include: increase his number of clients, raise prices, reduce expenses, expand services.

20. a

SUGGESTED READINGS

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GOALS AND OBJECTIVES

Goal 1: To help you plan your tree service.

Objective 1: Describe the services, clients, and competition of a tree service.

Objective 2: List three personal qualities a tree service owner might have.

Objective 3: List three ways that a tree service might be special.

Objective 4: List two of the legal requirements you might have to consider before opening a tree service.

Goal 2: To help you choose a good location for your service.

Objective 1: List three things to think about in deciding where to locate your business.

Objective 2: Name four places to check for information about that area.

Objective 3: Decide whether your city or town would be a good location.

Goal 3: To help you plan how to get money to start a tree service.

Objective 1: Write a business description for this service.

Objective 2: Fill out a form showing how much money you need to borrow to start this service.

Goal 4: To help you choose the people who work for you.

Objective 1: List the information needed on a job description.

Objective 2: Choose the best person to work at your service from a list of three.

Objective 3: List one quality of a good boss.

Goal 5: To help you organize the work of your tree service.

Objective 1: Fill out a customer work order form.

Objective 2: Tell which jobs are most difficult.

Objective 3: Name two ways to make a good agreement with a customer.

Goal 6: To help you decide how to set prices for your tree service.

Objective 1: List two things to consider in setting prices for your service.

Objective 2: Set prices for your tree service after being given certain facts.

Goal 7: To help you learn ways to advertise and sell your service.

Objective 1: Choose one way to advertise that would be right for your business.

Objective 2: Design a printed ad for your tree service.

Goal 8: To help you learn how to keep financial records for your tree service.

Objective 1: Fill out a bill for a customer.

Objective 2: Fill out a daily cash sheet that records money coming in and going out of the business.

Goal 9: To help you learn how to keep your business successful.

Objective 1: Figure out the net profit, profit ratio, and expense ratio for a tree service.

Objective 2: State one way to increase profits in a business that is losing money.

Objective 3: State one a way to increase the number of clients you have by changing or improving your service.

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